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FEDERAL COMMUNICATIONS COMMISSION  
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**verizon**

Verizon Communications  
1300 I Street NW, Suite 400W  
Washington, DC 20005

September 7, 2001

**Ex Parte**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW – Portals  
Washington, D.C. 20554

Re: *Application by Verizon Pennsylvania for Authorization to Provide In-Region  
InterLATA Services in Pennsylvania, CC Docket No. 01-138* /

Dear Ms. Salas:

In our ex parte filed on August 31, Verizon stated that it had engaged PricewaterhouseCoopers to conduct additional testing of the most recent billing period to confirm that various changes affecting the billing system that were previously implemented continue to have the desired effect. That report is attached.

Verizon has shown repeatedly that, to the extent there are remaining issues with respect to the electronic BOS BDT bills, they now are small in amount and have declined substantially in the wake of the system changes previously implemented. *See, e.g., McLean/Wierzbicki/Webster Reply Decl. ¶¶ 35, 40; Letter from Dee May to Magalie Roman Salas dated August 17, 2001.* The report from PricewaterhouseCoopers (PwC) confirms that, as Verizon has previously demonstrated, the amount of taxes, directory advertising, and carrier usage on BOS BDTs are each substantially less than one percent of current charges. In addition, PwC's report demonstrates that charges associated with retail USOCs on UNE bills amount to only about 1% of current charges. A substantial portion of this amount relates to "embedded base accounts" – accounts established before the software change was implemented to address this issue. Verizon has previously explained that it is in the process of correcting information contained in such "embedded base accounts."

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If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Clint E. Odom". The signature is fluid and cursive, with the first name "Clint" and last name "Odom" clearly distinguishable.

Clint E. Odom

Attachment

cc: D. Attwood  
M. Carey  
B. Olson  
S. Pie  
R. Tanner

September 7, 2001

Ms. Virginia Ruesterholz  
Senior Vice President, Wholesale  
Operations  
Verizon  
1095 Avenue of the Americas  
New York, New York 10036

Ms. Catherine Webster  
Group Vice President, Network Services,  
Finance  
Verizon  
1095 Avenue of the Americas  
New York, New York 10036

Dear Ms. Ruesterholz and Ms. Webster:

**Background**

You ("Verizon" or the "Company") have asked us to review four aspects of Verizon's Pennsylvania BOS Bill Data Tape ("BDT") for bills generated from August 1, 2001 to August 15, 2001. These four areas are:

- A review of BDTs to determine the magnitude of Taxes appearing on Resale, UNE-Loop and UNE-Platform bills.
- A review of BDTs and the related manual review and adjustment worksheets to determine the magnitude of Carrier Usage and Directory Advertising charges appearing on Resale, UNE-Loop and UNE-Platform bills.
- A review of BDTs to determine the magnitude of charges associated with Retail and Resale USOCs appearing on UNE-Loop and UNE-Platform bills.
- An assessment as to whether Verizon was applying credits to the WorldCom and AT&T Platform bills where Verizon was originally billing for a full featured port rather than a lesser featured port.

The observations below are based upon a review of a sample of BDTs with bill dates during this period. We designed our selections of Resale, UNE-Loop and UNE-Platform BDT bills to be representative of the number of these types of bills generated during the period August 1 through August 15, 2001. We used Microsoft Access to parse the BDTs into a readable format and wrote and executed queries, as required, to extract the information necessary for our report.

We performed our work in accordance with the Consulting Standards of the American Institute of Certified Public Accountants (AICPA). This is not an audit and we provide no opinion or attestation with respect to our work.

## **Observations**

Any and all observations in this report are made based on the evaluation of documentation, manual review and adjustment worksheets, configuration of systems, system-generated reports and BDTs provided during the period of our fieldwork, from August 24, 2001 through August 31, 2001.

### *1. Taxes*

We reviewed 20 BDTs with bill dates during the August 1 to August 15, 2001 time period. Taxes on those 20 BDTs amounted to \$747.74 or approximately 0.0112% of total current charges on these BDTs of \$6,704,696.45. The break down by bill type was as follows:

	<b><u>Current Charges</u></b>	<b><u>Taxes</u></b>	<b><u>Percent</u></b>
• <b>Resale</b>	\$213,467.31	\$106.31	0.0498%
• <b>Platform</b>	\$4,728,600.31	\$293.91	0.0062%
• <b>Loop</b>	\$1,762,628.83	\$347.52	0.0197%

See Attachment I for further details.

### *2. Carrier Usage and Directory Advertising*

We reviewed 20 BDTs with bill dates during the August 1 to August 15, 2001 time period and the related manual review and adjustment worksheets. (We reviewed the manual review and adjustment worksheets to break out the directory advertising charges separate from the carrier usage charges). Directory Advertising on those 20 BDTs and manual review and adjustment worksheets amounted to \$10,642.55 and Carrier Usage amounted to \$322.34. Total current charges on these BDTs were \$6,704,696.45. Directory Advertising and Carrier Usage were approximately 0.1587% and 0.0048% of current charges, respectively. The break down by bill type was as follows:

	<b><u>Current Charges</u></b>	<b><u>Directory Advertising</u></b>	<b><u>Percent</u></b>	<b><u>Carrier Usage</u></b>	<b><u>Percent</u></b>
• <b>Resale</b>	\$213,467.31	\$763.00	0.3574%	\$108.35	0.0508%
• <b>Platform</b>	\$4,728,600.31	\$6,266.80	0.1325%	\$128.00	0.0027%
• <b>Loop</b>	\$1,762,628.83	\$3,612.75	0.2050%	\$85.99	0.0048%

See Attachment II for further details.

3. *Retail/Resale USOCs on UNE*

We reviewed 13 BDTs with bill dates during the August 1 to August 15, 2001 time period to determine the magnitude of charges associated with Retail/Resale USOCs on UNE bills. We compared a list of UNE USOCs received from Verizon to the 13 BDTs to determine what Retail/Resale USOCs were on the BDTs.

Our results from this testing are detailed in the following table:

	<u>Current Charges</u>	<u>Retail/Resale Charges</u>	<u>Percent</u>
• Platform	\$ 4,728,600.31	\$ 61,855.55	1.308%
• Loop	\$ 1,762,628.83	\$ 4,621.67	0.262%
	<u>\$ 6,491,229.14</u>	<u>\$ 66,477.22</u>	<u>1.024%</u>

See Attachment III for further details.

4. *Port Charge Credits*

We reviewed the WorldCom (billing account number \*\*\*\*\*) and AT&T (billing account number \*\*\*\*\*) Platform BDTs for August 13, 2001 and August 10, 2001, respectively, and noted that Verizon had supplied credits for \*\*\*\*\* for Worldcom and \*\*\*\*\* for AT&T. These credits were to correct prior months' billings due to Verizon billing for a full featured port rather than a lesser featured port. See Attachment IV for further details.

Our work was performed and this report was prepared solely for the information and use of the Company and the FCC. Therefore we make no representations as to the sufficiency of our work for any other purpose. This report is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

/s/ PricewaterhouseCoopers LLP

**ATTACHMENTS REDACTED FOR  
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